

Packing a CRUNCH

Correct product mix and pricing are key to capitalising on demand for the cookies and biscuits sector, says Andrew Don

The potential for cookies and biscuits is as vast as the imagination. Indeed, Jania Boyd, marketing manager of Macphie, a bakery ingredients manufacturer, says the possibilities are endless.


They come in a mouth-watering array of sizes, shapes and flavours, from Image on Food's saucy gingerbread Valentine's Day designs to Marks & Spencer's pistachio and almond flavour offerings and Greggs' star-shaped novelty chocolate biscuits.

Innovation and novelty are crucial, creating interest and driving footfall. Cookies made with chocolate dough and filled with liquid Belgian chocolate emerged last year, for example. Novelties such as cranberry and white chocolate or cookies with Smarties and spices add interest, but traditional offerings are still important and industry experts say it is perilous to ignore these.

Cookies are essentially an American biscuit, or an American version of a biscuit and, as Ian Kevitt, in-store bakery buyer at The Co-operative Food, says a cookie sold in the in-store bakery is different to products that might be sold in the biscuit aisle of a supermarket. "A typical in-store bakery cookie should be soft and chewy in the centre and golden around the edges, with visible inclusions of chocolate chips or fruit pieces. Consumers in the UK would also expect a cookie to be considerably larger than a standard biscuit, he says."

The market

Kantar Worldpanel data covering the grocery sector shows the biscuit market is now worth nearly £2.2bn. Applying average prices to NPD Group data on foodservice suggests all other channels are worth about 10% of this. Datamonitor's latest statistics show chocolate cookies have the biggest share by value of the UK biscuit market accounting for 22%, followed by cream-filled at 14.9%, plain cookies at 9.2% and butter-based cookies at 6%. Specialist retailers, which include bakery outlets, have 3.5% of the market by value, compared with supermarkets, hypermarkets and convenience stores, which have 92.7% of the market by value between them.

NPD research indicates that the afternoon accounts for the biggest number of purchases through all channels, ranging from coffee shops to retail outlets, including over bakery counters. Forty-three per cent of takings in any one day for this category through retailers take place in the afternoon. Lunch-time accounts for 17.9% of purchases through retail, and morning snacks 14.6%. 



Macphie says a way of updating cookies is to combine them with perennial favourites, such as chocolate brownies



Image on Food says one increasing trend is to stock iced biscuits throughout the year

Retail data: Kantar Worldpanel

ISB COOKIES (SPEND £000S)						
	52 W/E 24 JAN 10	52 W/E 23 JAN 11	YOY %	12 W/E 24 JAN 10	12 W/E 23 JAN 11	YOY %
Total	41,037	45,804	11.6	8,354	8,757	4.8
Private label	40,966	44,630	8.9	8,352	8,399	0.6

ISB COOKIES (VOLUME 000 KGS)						
	52 W/E 24 JAN 10	52 W/E 23 JAN 11	YOY %	12 W/E 24 JAN 10	12 W/E 23 JAN 11	YOY %
Total	43,774	49,146	12.3	8,570	9,000	5.0
Private label	43,719	48,289	10.5	8,568	8,713	1.7

ISB COOKIES AVG PRICE/PACK						
	52 W/E 24 JAN 10	52 W/E 23 JAN 11	YOY %	12 W/E 24 JAN 10	12 W/E 23 JAN 11	YOY %
Total	0.94	0.93	-1.1	0.97	0.97	0.0
Private label	0.94	0.92	-2.1	0.97	0.96	-1.0

PRE-PACKAGED COOKIES (SPEND £000S)						
	52 W/E 24 JAN 10	52 W/E 23 JAN 11	YOY %	12 W/E 24 JAN 10	12 W/E 23 JAN 11	YOY %
Total	124,376	127,642	2.6	26,017	27,778	6.8
Branded	48,069	46,453	-3.4	10,482	11,404	8.8
Private label	76,307	81,188	6.4	15,535	16,374	5.4

PRE-PACKAGED COOKIES (VOLUME 000 KGS)						
	52 W/E 24 JAN 10	52 W/E 23 JAN 11	YOY %	12 W/E 24 JAN 10	12 W/E 23 JAN 11	YOY %
Total	67,118	71,308	6.2	13,445	13,973	3.9
Branded	12,661	12,476	-1.5	2,804	2,994	6.8
Private label	54,457	58,832	8.0	10,641	10,979	3.2

PRE-PACKAGED COOKIES AVG PRICE/PACK						
	52 W/E 24 JAN 10	52 W/E 23 JAN 11	YOY %	12 W/E 24 JAN 10	12 W/E 23 JAN 11	YOY %
Total	0.77	0.81	5.2	0.82	0.85	3.7
Branded	0.69	0.74	7.2	0.74	0.82	10.8
Private label	0.83	0.85	2.4	0.88	0.88	0.0

Top merchandising tips

- Stock a consistent range of top-sellers
- Use well-known brands to attract shoppers in retail
- If selling packs, make sure they are price-marked
- Include new products that refresh the category and drive incremental sales
- Know your customer and stock what they ask for
- Differentiate your offering
- Respond to buying trends
- Be flexible and offer variety
- Shout about your cookies

Sources: United Biscuits, CSM

Trends

Big sellers at The Co-op right now are branded cookies, which it started stocking last year, such as Smarties and Rolo cookies in packs of five. Kevitt says these appeal to existing cookie buyers, but also bring in brand loyalists to the fresh bakery category. He says products with chocolate bits perform best and milk chocolate cookies outsell other flavours. The retailer's best-seller is its Truly Irresistible triple choc cookies and it is looking to introduce new seasonal flavours this year as part of its 'Taste the Seasons' initiative.

Gingerbread baker Image on Food is seeing an increased trend for bakery customers to stock iced biscuits throughout the year and is offering seasonal items at Easter and Mother's Day, for example. Vhari Russell, sales and marketing executive, says: "The key to capitalising on this trend is getting the mix of product correct and achieving the right level of decoration and price to meet that market expectation." One trend she has noticed is a move towards natural colours, which is something her own company has embraced.

Lorna Culican, senior category manager, at 15-shop Lancashire-based Sayers the Bakers, says that while seasons are important, you have to have the right mix, because people still like to buy traditional

products. "You need to make sure you don't overkill seasonal stuff, because people get fed up with it. People play around with flavours, but they go back to traditional ones."

Macphie says one trend is for taking classic, retro desserts, such as lemon meringue pie, or Black Forest gâteau and applying them to cookies, giving them added value and appeal to the luxury end of the market. It says a way of updating cookies is to combine them with perennial favourites, such as chocolate brownie cookies and flapjack cookies.

Healthier options

In the biscuit aisle, Nick Stuart, commercial manager, at United Biscuits, says consumers are increasingly looking for healthier products that do not compromise on taste. "Whether it's lower saturated fat, not trans fats, salt or MSG, not artificial additives or flavourings, consumers are becoming more educated and conscious of what they are eating and so the demand for natural or healthier cookies and biscuits is growing, presenting a great opportunity for bakery retailers."

Jeremy Woods, managing director at free-from bakery brand Mrs Crimble's believes gluten-free biscuits provide an opportunity for growth. He says: "Our research shows that one in five people

Foodservice: NPD Group data (year ending December 2010)

DISTRIBUTION OF BISCUITS BY DAYPART (%)						
	MORNING	MORNING SNACK	LUNCH	AFTERNOON	DINNER	LATE SNACK
Total OOH	11.3	17.7	19.6	32.9	8.5	10
Full Service Restaurants	14.7	16.2	20.5	30	16.8	1.8
Quick Service Restaurants	9.7	17.1	24.7	33.6	6.7	8.1
Coffee Shops	9.9	31.4	14.4	39.6	1.1	3.6
Retail	12.2	14.6	17.9	43.8	2.2	9.4
Other QSR*	9.1	15.4	27.2	27.8	7.3	13.3
Travel and Leisure	14	18.7	11.1	37.3	7.4	11.4
Workplace	10.6	23.7	19.6	33	1.3	11.7

"Our research shows that one in five people regularly shop from 'free-from' counters and there is certainly space in the mainstream market for good-quality biscuits and cookies of this type"

– Jeremy Woods, Mrs Crimble's

	% OF SERVINGS		SERVINGS	
	TOTAL BAKERY	TOTAL BISCUITS	TOTAL BAKERY	TOTAL BISCUITS
Total OOH	100.0	100.0	1,286,626	260,725
Full Service Restaurants	11.8	10.5	152,049	27,469
Pubs	6.5	5.3	83,415	13,916
Quick Service Restaurants	43.6	46.4	561,174	120,909
Coffee Shops	9.8	9.9	126,554	25,730
Sandwich Shops	3.0	n/a	39,098	11,247
Fast Food (burger/chicken/pizza)	2.0	n/a	25,520	4,538
Retail	16.7	17.7	214,747	46,177
Other QSR	12.1	12.7	155,255	33,217
Travel and Leisure	19.7	18.2	254,040	47,497
Workplace	14.9	15.2	191,496	39,686

*Distribution by daypart table does not include sandwich shops/fast food (burger, chicken, pizza), pubs, coffee shops or retail, as sample is too small

regularly shop from 'free-from' counters and there is space in the mainstream market for good quality biscuits and cookies of this type."

Merchandising

In in-stores, cookies and biscuits are a great customer magnet and The Co-op's Kevitt says it is vitally important they are visible to the customer, because they are often bought on impulse. He says merchandising in paper grab-bags conforms to shoppers' expectations of freshness. He says the bags should also have a clear window in the front to showcase the visual appeal. "Cookies should be easy to locate within the in-store bakery area, with clearly marked pricing," he says. The Co-op's standard range has white packaging and its Truly Irresistible premium range, black, for easy identification.

This applies to craft retail. Sayers the Bakers agrees with bagging up product so customers can multi-buy. Culican says grab-and-go packaging merchandised as a promotion pack has become more prevalent over the past year and that merchandising in the shop window is important, as well as within the shop counter, so people can see the quality.

Patrick Lynch, sales manager at Grandma Wilds, which has 17 bakery outlets, and manufactures for wholesale, retail and export, says: "If you go to any supermarket bakery section, you see bags of Smartie ones, and various licensed brand names. They bake them off in the oven and you eat them in a few days." Bake-off is the best way to sell them, he says, because of the "aroma and freshness".

Millie's Cookies' research suggests people are more concerned about price than a year ago, but are not willing to compromise on quality, presenting opportunities to sell premium cookies as "an affordable treat". Michelle Graham-Clare, senior brand manager of the 113-outlet brand, says it is important to highlight the quality ingredients that people are prepared to spend more on in point-of-sale and marketing material.

As for the future, the Co-op's liot tip is for the whoopee pie, which is popular in US bakery outlets. Although called a pie, it is made by sandwiching two cake-like cookies together with a creamy filling. These have become increasingly available in specialist bakeries in London and, according to the Co-op, demonstrate a trend that appears to be growing.

